

**Arabian Cement Company S.A.E.**

**Condensed separate interim financial statements  
Together with limited review report  
For the Six months ended June 30, 2018**

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**Limited Review Report**  
**For the Condensed Separate Interim Financial Statements**

**To: The Board of directors of Arabian Cement Company**  
**An Egyptian Joint Stock Company**

**Introduction**

We have conducted our limited review for the accompanying condensed separate interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of June 30, 2018 and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

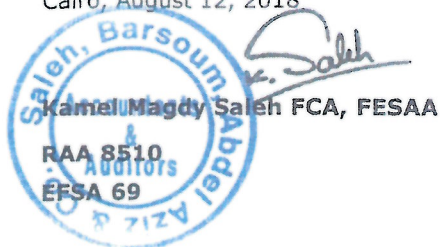
**Scope of Review**

We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements (2410) - Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of condensed separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed separate interim financial statements.

**Conclusion**

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements are not prepared, in all material respects, in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting.

Cairo, August 12, 2018



**Arabian Cement Company S.A.E.**  
**Separate statement of financial position at June 30, 2018**

<b>EGP</b>	<b>Notes</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2 538 769 949	2 373 633 874
Assets under construction	11	65 555 470	249 232 824
Intangible assets	12	371 022 002	396 151 869
Investments in subsidiaries	13	37 476 057	37 476 057
Investments in a joint venture	14	125 000	125 000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3 012 948 478</b>	<b>3 056 619 624</b>
<b>CURRENT ASSETS</b>			
Inventories	15	250 076 646	235 371 044
Debtors and other debit balances	16	82 368 439	77 821 035
Due from related parties	27	11 241 147	9 388 845
Cash and bank balances	17	121 201 274	117 204 564
<b>TOTAL CURRENT ASSETS</b>		<b>464 887 506</b>	<b>439 785 488</b>
<b>TOTAL ASSETS</b>		<b>3 477 835 984</b>	<b>3 496 405 112</b>

- Limited review report is attached

**Arabian Cement Company S.A.E.**  
**Separate statement of financial position at June 30, 2018**

EGP	Notes	June 30, 2018	December 31, 2017
<b>EQUITY</b>			
<b>CAPITAL AND RESERVES</b>			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	231 365 975	209 622 582
Retained earnings	25	522 574 893	337 441 529
<b>TOTAL EQUITY</b>		<b>1 511 420 268</b>	<b>1 304 543 511</b>
<b>NON-CURRENT LIABILITIES</b>			
Notes payables	20	3 400 000	7 000 000
Borrowings	21	556 871 114	601 101 209
Deferred tax liabilities	8.3	341 297 371	335 984 957
Other liabilities	24	59 108 798	92 968 685
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>960 677 283</b>	<b>1 037 054 851</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	22	401 233 783	437 906 945
Notes payables	20	7 000 000	7 000 000
Credit facilities	21	79 374 275	290 586 491
Current income tax payable	8.2	38 334 636	--
Current portion of long-term notes payables	21	170 165 000	167 535 000
Current portion of long-term borrowings	24	91 303 285	114 462 000
Creditors and other credit balances	26	199 462 149	113 753 476
Due to related parties	27	2 985 443	7 880 187
Provisions	23	15 879 862	15 682 651
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 005 738 433</b>	<b>1 154 806 750</b>
<b>TOTAL LIABILITIES</b>		<b>1 966 415 716</b>	<b>2 191 861 601</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 477 835 984</b>	<b>3 496 405 112</b>

- The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

**Sergio Alcantarilla Rodriguez**  
 Chief Executive Officer

**Allan Hestbech**  
 Chief Financial Officer

**Arabian Cement Company S.A.E.**  
**Separate statement of profit or loss for the six months ended June 30, 2018**

EGP	Note s	Three months ended		Six months ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Sales revenue	3	701 650 681	521 753 985	1 591 242 669	1 189 264 239
Cost of sales	4	(577 190 678)	(470 774 885)	(1 224 228 495)	(1 020 788 656)
<b>GROSS PROFIT</b>		124 460 003	50 979 100	367 014 174	168 475 583
General and administration expenses	5	(33 021 798)	(30 232 106)	(63 770 592)	(58 158 573)
Provisions	23	(350 000)	(4 450 000)	(700 000)	(6 690 757)
Interest income		644 484	235 081	833 686	448 776
Other income		1 005 175	720 991	1 846 455	1 205 894
Finance costs	6	(22 961 197)	(27 953 261)	(44 500 030)	(51 639 634)
Foreign exchange gain / (losses) differences		(8 517 033)	5 847 216	(3 772 122)	15 775 109
<b>(LOSS)/PROFIT FOR THE PERIOD BEFORE TAX</b>		61 259 634	(4 852 979)	256 951 571	69 416 398
Income tax	8.1	(8 908 369)	17 265 563	(43 647 050)	2 098 010
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		52 351 265	12 412 584	213 304 521	71 514 408
<b>Earnings per share (Basic and diluted)</b>					
Basic and diluted (EGP / Share)	9	0.13	0.03	0.55	0.18

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**Sergio Alcantarilla Rodriguez**  
 Chief Executive Officer

**Allan Hestbech**  
 Chief Financial Officer




**Arabian Cement Company S.A.E.**  
**Separate statement of comprehensive income for the six months ended June 30, 2018**

EGP	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>PROFIT FOR THE PERIOD, NET OF INCOME TAX</b>	<b>52 351 265</b>	<b>12 412 584</b>	<b>213 304 521</b>	<b>71 514 408</b>
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		--	--	--
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>52 351 265</b>	<b>12 412 584</b>	<b>213 304 521</b>	<b>71 514 408</b>

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**Sergio Alcantarilla Rodriguez**  
 Chief Executive Officer

**Allan Hestbech**  
 Chief Financial Officer






**Arabian Cement Company S.A.E.**  
**Separate statement of changes in equity for the six months ended June 30, 2018**

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2017	757 479 400	185 037 371	349 798 741	1 292 315 512
Transfer to legal reserve	--	24 585 211	(24 585 211)	--
Dividends distributed	--	--	(205 205 932)	(205 205 932)
Net profit for the period	--	--	71 514 408	71 514 408
<b>Balance at June 30, 2017</b>	<b>757 479 400</b>	<b>209 622 582</b>	<b>191 522 006</b>	<b>1 158 623 988</b>
Balance at January 1, 2018	757 479 400	209 622 582	337 441 529	1 304 543 511
Transfer to legal reserve	--	21 743 393	(21 743 393)	--
Dividends distributed	--	--	(6 427 764)	(6 427 764)
Total other comprehensive income, net of income tax	--	--	213 304 521	213 304 521
<b>Balance at June 30, 2018</b>	<b>757 479 400</b>	<b>231 365 975</b>	<b>522 574 893</b>	<b>1 511 420 268</b>

- The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

**Sergio Alcantarilla Rodriguez**  
Chief Executive Officer



**Allan Hestbech**  
Chief Financial Officer





**Arabian Cement Company S.A.E.**  
**Separate statement of cash flows for the six months ended June 30, 2018**

EGP	Notes	June 30, 2018	June 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the period</b>		<b>256 951 571</b>	<b>69 416 398</b>
<b>Adjusted by:</b>			
Finance costs recognized in profit or loss	6	44 500 030	51 639 634
Interest income		(833 686)	(448 776)
Depreciation of property, plant and equipment	10	94 442 734	91 067 924
Amortization of intangible assets	12	25 129 867	25 129 867
Foreign exchange losses/ (gain) differences		2 958 997	(11 776 540)
Provision formed	23	700 000	6 690 757
Increase in inventories		(14 705 602)	(78 620 115)
(Increase) in debtors and other debit balances		(4 547 404)	(2 653 662)
(Increase)/Decrease in due from related parties		(1 852 302)	768 821
Decrease in trade receivables		--	11 270 053
(decrease)/Increase in trade payables		(40 273 162)	109 042 136
(Decrease) in due to related parties		(4 894 744)	(2 476 034)
(Increase)/ Decrease in creditors and other credit balances		71 380 474	(55 190 193)
Provisions used	23	(502 789)	(4 432 528)
<b>Cash generated by operations</b>		<b>428 453 984</b>	<b>209 427 742</b>
Interest paid		(30 171 831)	(55 060 740)
Tax paid		--	(94 311 087)
<b>Net cash generated by operating activities</b>		<b>398 282 153</b>	<b>60 055 915</b>

**Arabian Cement Company S.A.E.**  
**Separate cash flow statement for the six months ended June 30, 2018**

EGP	Notes	June 30, 2018	June 30, 2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	10	(10 285 636)	(6 730 444)
Payments for assets under construction *	11	(65 615 819)	(82 332 425)
Interest income		833 686	448 776
<b>Cash (used in) investing activities</b>		<b>(75 067 769)</b>	<b>(88 614 093)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loans		(44 559 092)	(75 723 512)
Repayment of other liabilities		(57 018 602)	(50 820 007)
Proceeds from credit facilities	21	(211 212 216)	132 452 739
Payment of dividends		(6 427 764)	(4 473 890)
<b>Cash generated by (used in) financing activities</b>		<b>(319 217 674)</b>	<b>1 435 330</b>
(Decrease) in cash and cash equivalents		3 996 710	(27 122 848)
Cash and cash equivalents at the beginning of the period		117 204 564	130 477 594
<b>Cash and cash equivalents at the end of the period</b>	<b>17</b>	<b>121 201 274</b>	<b>103 354 746</b>

**Non- cash transaction from investment activities**

\* Non-cash transactions represented in the transferred from projects under constructions to fixed assets by EGP 249 293 173 have been eliminated.

– The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

**Sergio Alcantarilla Rodriguez**  
 Chief Executive Officer

**Allan Hestbech**  
 Chief Financial Officer




**Arabian Cement Company S.A.E**  
**Condensed separate interim financial statements**  
**Together with limited review Report**  
**For the Six months ended June 30, 2018**

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**1. The Company's general information**

Arabian Cement Company S.A.E. (ACC or the Company), a joint stock Company incorporated in Cairo, Egypt, is a public company whose shares are traded at the EGX Egyptian Exchange. The Company was established on March 5, 1997 under Law No. 230 of 1989 and Law No. 95 of 1992 according to the decision of the President of General Authority for Investment and Free Zone (GAFI) No. 167 of 1997.

The Company was registered at the Commercial Register under No. 13105 in Cairo on April 3, 2005, which was changed to No. 53445 on August 16, 2011 as the Company changed its registered office from 72 Gameat El Dowal Street, Mohandiseen, Giza- Egypt to be Villa 56 El Gihaz Street, Fifth Settlement, New Cairo, Egypt.

The Company's objective is the manufacturing and sale of clinker, cement and the other related products and usage of mines and extraction of all mining materials required for the production of construction materials and road transportation for all the company's product. The Company may carry out other projects or amend its purpose according to the Investment Incentives and Guarantees Law. The Company produces cement with a clinker capacity of 4.2 million tonnes per annum that can produce 5 million tonnes per annum of cement.

The main shareholder of the Company is Aridos Jativa – Spanish Company, and it owns 60% of the Company's capital.

The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on May 13, 2018.

The Company's term is 25 years starting from the date of its registration at the commercial register.

**2. Significant accounting policies**

**2.1 Statement of compliance**

The condensed separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed separate interim financial statements do not include all the information required in the preparation of the full set annual separate financial statements and must be read in conjunction with the annual separate financial statements as of December 31, 2017.

**2.2 Basis of preparation**

The separate financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Arabian Cement Company S.A.E**  
**Condensed separate interim financial statements**  
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**3. Sales revenue**

An analysis of the Company's revenue for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Local sales	617 114 991	465 254 513	1 413 689 744	1 037 953 624
Export sales	59 935 304	34 758 800	126 673 515	105 562 733
Services	24 600 386	21 740 672	50 879 410	45 747 882
<b>TOTAL</b>	<b>701 650 681</b>	<b>521 753 985</b>	<b>1 591 242 669</b>	<b>1 189 264 239</b>

**4. Cost of sales**

An analysis of the Company's cost of sales for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Raw material	475 520 189	379 821 159	1 028 519 843	836 036 514
Manufacturing depreciation	48 559 439	52 849 513	94 442 734	105 030 336
Electricity supply agreement amortization	12 634 351	5 614 575	25 129 866	11 167 452
Transportation cost	18 115 834	14 378 251	37 527 875	30 973 475
Overhead cost	22 360 865	18 111 387	38 608 177	37 580 879
<b>TOTAL</b>	<b>577 190 678</b>	<b>470 774 885</b>	<b>1 224 228 495</b>	<b>1 020 788 656</b>

**5. General and administration expenses**

An analysis of the Company's general and administration expenses for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Professional services	8 237 402	7 611 976	17 723 945	12 610 396
Salaries and wages	14 840 505	14 906 640	29 334 949	30 002 448
Security and cleaning services	526 988	163 586	740 376	282 802
Rentals	2 471 431	2 532 087	5 129 193	5 241 084
Transportation	3 261 585	544 577	3 854 290	1 371 670
Advertising	148 042	932 628	686 509	982 032
Other	3 535 845	3 540 612	6 301 330	7 668 141
<b>TOTAL</b>	<b>33 021 798</b>	<b>30 232 106</b>	<b>63 770 592</b>	<b>58 158 573</b>

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**6. Finance costs**

An analysis of the Company's finance costs for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Loan interest expense	17 132 577	13 234 300	27 135 294	25 928 420
Operation license interest expense	--	1 871 861	212 398	4 549 892
Electricity agreement interest expense	3 070 500	3 070 500	6 141 000	6 141 000
Credit facilities interest expense	2 758 120	9 776 600	11 011 338	15 020 322
<b>TOTAL</b>	<b>22 961 197</b>	<b>27 953 261</b>	<b>44 500 030</b>	<b>51 639 634</b>

**7. Compensation of key management personnel**

An analysis of the Company's Compensation of key management personnel for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Board of Directors allowance	7 553 700	7 692 978	15 099 044	16 183 173
Board of Directors salaries	4 470 480	4 552 800	8 935 920	8 584 800
<b>TOTAL</b>	<b>12 024 180</b>	<b>12 245 778</b>	<b>24 034 964</b>	<b>24 767 973</b>

**8. Income taxes**

**8.1 Income tax recognised in profit or loss**

EGP	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>CURRENT TAX</b>				
Current tax expense for the current period	4 078 198	3 678 803	38 334 636	19 191 316
Adjustments recognized in the current period related to current tax of prior year	--	(20 501 796)	--	(20 501 796)
<b>DEFERRED TAX</b>				
Net deferred tax recognized in the current period	4 830 171	(442 570)	5 312 414	(787 530)
<b>TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD</b>	<b>8 908 369</b>	<b>(17 265 563)</b>	<b>43 647 050</b>	<b>(2 098 010)</b>

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## 8.2 Current tax liabilities

EGP	June 30, 2018	December 31, 2017
Current tax expense (note 8.1)	38 334 636	--
<b>CURRENT TAX LIABILITIES</b>	<b>38 334 636</b>	<b>--</b>

## 8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

June 30, 2018	Opening balance	Recognized in profit or loss	Closing balance
<b>EGP</b>			
<b>(LIABILITIES)</b>			
<b>Temporary differences</b>			
Property, plant & equipment	335 984 957	5 312 414	341 297 371
<b>NET DEFERRED TAX LIABILITY</b>	<b>335 984 957</b>	<b>5 312 414</b>	<b>341 297 371</b>
<b>December 31, 2017</b>	<b>Opening balance</b>	<b>Recognized in profit or loss</b>	<b>Closing balance</b>
<b>EGP</b>			
<b>(LIABILITIES)</b>			
<b>Temporary differences</b>			
Property, plant & equipment	338 733 747	(2 748 790)	335 984 957
<b>NET DEFERRED TAX LIABILITY</b>	<b>338 733 747</b>	<b>(2 748 790)</b>	<b>335 984 957</b>

## 9. Earnings per share

Basic earnings per share is calculated by dividing the earnings from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. As the company does not have any dilutive potential, the basic and diluted earnings per share are the same.

The earnings from continuing operations and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

EGP	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>EARNINGS (for basic and diluted earnings per share)</b>				
Profit for the period	52 351 265	12 412 584	213 304 521	71 514 408
Employees' share in distributable profits (note 17)	(1 769 586)	(1 588 065)	(3 542 892)	(3 138 526)
<b>Distributable profit</b>	<b>50 581 679</b>	<b>10 824 519</b>	<b>209 761 629</b>	<b>68 357 882</b>
<b>NUMBER OF SHARES (for basic and diluted earnings per share)</b>				
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700	378 739 700	378 739 700
<b>EARNINGS PER SHARE</b>	<b>0.13</b>	<b>0.03</b>	<b>0.55</b>	<b>0.18</b>



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**10. Property, plant and equipment**

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
<b>COST</b>								
Balance at January 1, 2017	50 243 436	559 425 208	13 187 587	2 524 933 418	9 400 617	277 111 991	13 424 066	3 447 726 323
Additions	--	3 041 831	166 372	157 500	23 557	890 271	2 450 913	6 730 444
Balance at June 30, 2017	50 243 436	562 467 039	13 353 959	2 525 090 918	9 424 174	278 002 262	15 874 979	3 454 456 767
Balance at January 1, 2018 - restated	50 243 436	564 826 943	13 151 253	2 546 640 138	11 933 537	283 064 441	18 677 131	3 488 536 879
Additions	--	306 197	465 609	7 650 184	374 794	904 313	584 539	10 285 636
Transfer from PUC	--	4 260 164	--	243 598 243	99	1 434 667	--	249 293 173
Balance at June 30, 2018	50 243 436	569 393 304	13 616 862	2 797 888 565	12 308 430	285 403 421	19 261 670	3 748 115 688
<b>ACCUMULATED DEPRECIATION</b>								
Balance at January 1, 2017	--	147 831 546	4 517 179	692 627 949	2 580 183	73 097 548	10 273 541	930 927 946
Depreciation expense	--	14 343 627	914 015	66 888 540	500 643	7 348 231	1 072 868	91 067 924
Balance at June 30, 2017	--	162 175 173	5 431 194	759 516 489	3 080 826	80 445 779	11 346 409	1 021 995 870
Balance at January 1, 2018	--	176 840 704	6 392 960	827 590 443	3 639 091	87 861 550	12 578 257	1 114 903 005
Depreciation expense	--	14 419 462	949 990	69 135 335	658 554	7 711 508	1 567 885	94 442 734
Balance at June 30, 2018	--	191 260 166	7 342 950	896 725 778	4 297 645	95 573 058	14 146 142	1 209 345 739
<b>CARRYING AMOUNT</b>								
At June 30, 2018	50 243 436	378 133 138	6 273 912	1 901 162 787	8 010 785	189 830 363	5 115 528	2 538 769 949
At June 30, 2017	50 243 436	400 291 866	7 922 765	1 765 574 429	6 343 348	197 556 483	4 528 570	2 432 460 897
At December 31, 2017	50 243 436	387 986 239	6 758 293	1 719 049 895	8 294 446	195 202 891	6 098 874	2 373 633 874

- There is a first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt as a guarantee for loans granted by the bank to the company's land, all current and future buildings and constructions, and the tangible and intangible elements of the Company's factory.
- According to the loans contracts granted by the National Bank of Egypt, the Company insured for the benefit of the bank an insurance policy against all potential risks on the Company's factory and the production lines by 110% of the full amount of the loans, and the bank is the first and only beneficiary of this policy.
- The Company has insured (for its benefits) on cars and silos.

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**11.Assets under construction**

<b>EGP</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Balance as of January 1	249 232 824	17 670 237
Additions	65 615 819	239 326 574
Transfer to fixed assets	(249 293 173)	(10 541 194)
Transfer to debtors and other debt balances	--	2 777 207
<b>TOTAL</b>	<b>65 555 470</b>	<b>249 232 824</b>
Assets under construction are represented in the following categories:		
Buildings	48 429 841	45 531 948
Machinery and equipment	15 522 239	200 923 669
Other installations	867 603	--
Advance to suppliers	735 787	2 777 207
<b>TOTAL</b>	<b>65 555 470</b>	<b>249 232 824</b>

**12.Intangible assets**

<b>EGP</b>	<b>Operating license</b>	<b>Electricity contract</b>	<b>Total</b>
<b><u>Cost</u></b>			
<b>Cost as of January 1 , 2018</b>	<b>563 204 713</b>	<b>225 200 000</b>	<b>788 404 713</b>
Additions during period	--	--	--
<b>Cost as of June 30, 2018</b>	<b>563 204 713</b>	<b>225 200 000</b>	<b>788 404 713</b>
<b><u>Accumulated amortization</u></b>			
Accumulated amortization as of January 1, 2018	(231 155 103)	(161 097 741)	(392 252 844)
Amortization for the period	(13 962 413)	(11 167 454)	(25 129 867)
<b>Total accumulated amortization as of June 30, 2018</b>	<b>(245 117 516)</b>	<b>(172 265 195)</b>	<b>(417 382 711)</b>
<b>Net book value June 30,2018</b>	<b>318 087 197</b>	<b>52 934 805</b>	<b>371 022 002</b>
<b>Net book value December 31,2017</b>	<b>332 049 610</b>	<b>64 102 259</b>	<b>396 151 869</b>

**Operating license**

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 281.4 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

The above mentioned value will be also applied for the second line and a 25% will be paid as an advance payment and residual amount will be settled over a period of 3 years according to the interest rate determined by Central Bank of Egypt (CBE).

On 22 January 2015, the Industrial Development Authority (IDA) accepted to receive EGP 8 million on a monthly basis until the legal dispute with the company is resolved, which is currently at the court.

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**Electricity contract**

Intangible assets represent the value of the contract concluded with the Ministry of Electricity on March 11, 2010, where the Ministry of Electricity identifies the needs of heavy industrial projects and arranges their needs, either through the establishment of new stations or already established ones. The cost of investments will be paid by the company according to what has been determined by the Ministry, which amounted to EGP 217.2 million, where payment has been agreed to be paid as follows:

15% advance payment equivalent to EGP 32.58 million.

120 monthly instalments due on the first of every month from April 2010 amounted by EGP 1.220 million per each instalment.

120 monthly instalments due on the first of every month from February 2011 amounted by EGP 1.342 million per each instalment.

In addition to EGP 8 million for the allocation of two cells of the traditional type, to be paid in four quarterly instalments and the last instalment was due on 1 February 2011.

**13. Investments in subsidiaries**

The Company has control over all the subsidiaries as listed below:

Company name EGP	Domicile	Share/ paid- in capital	June 30, 2018	December 31, 2017	Principal activities	Proportion of ownership interest and voting power held by the Company
Andalus Concrete Company	Egypt	%99.99	20 926 807	20 926 807	Concert products, mainly ready mix	99.99%
Evolve Investment & Projects Management Company	Egypt	%99.99	16 499 750	16 499 750	Alternative fuel and recycling	99.99%
ACC for Management and Trading Company	Egypt	%99.99	49 500	49 500	Providing managerial services	99%
<b>TOTAL</b>			<b>37 476 057</b>	<b>37 476 057</b>		

**14. Investments in joint venture**

Details of the Company's joint venture at the end of the reporting period are as follows:

Name of joint venture	Place of incorporation	Proportion of ownership interest and voting power held by the company		
			2016	December 31, 2017
EGP			June 30, 2018	December 31, 2017
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
<b>TOTAL</b>			<b>125 000</b>	<b>125 000</b>

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**15. Inventories**

EGP	June 30, 2018	December 31, 2017 Restated
Raw materials	105 900 239	156 757 571
Packing materials	28 771 261	25 541 593
Spare parts	12 001 976	9 855 749
Work in progress	1 336 280	2 413 295
Finished goods	101 819 048	40 554 917
Advance to suppliers	247 842	247 919
<b>TOTAL</b>	<b>250 076 646</b>	<b>235 371 044</b>

**16. Debtors and other debit balances**

EGP	June 30, 2018	December 31, 2017
Advance to suppliers	34 376 822	31 421 917
Withholding tax	6 084 578	2 733 235
Deposit with others	26 831 204	26 831 204
Employees' dividends in advance	3 542 892	6 427 766
Letter of credit	6 877 000	6 877 000
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	1 998 944	1 881 790
Other debit balances	2 622 950	1 614 074
<b>TOTAL</b>	<b>82 368 439</b>	<b>77 821 035</b>

**17. Cash and bank balances**

EGP	June 30, 2018	December 31, 2017
Cash on hand	1 116 620	1 670 945
Current account – local currency	5 748 933	32 249 866
Current account – foreign currency	57 674 565	56 060 284
Bank deposits	56 661 156	27 223 469
<b>Total</b>	<b>121 201 274</b>	<b>117 204 564</b>

**Cash and cash equivalents include restricted cash as follows:**

Restricted cash at banks (due loans instalments in U.D. Dollar)	47 063 114	47 370 988
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**18. Capital**

EGP	June 30, 2018	December 31, 2017
Par value per share	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
<b>Issued capital</b>	<b>757 479 400</b>	<b>757 479 400</b>

**19. Legal reserve**

In accordance with the Companies' Law No.159 of 1981 and the Company's Articles of Incorporation, 10% of annual net profit is transferred to legal reserve. The entity shall cease such transfer when the legal reserve reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders.

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**20. Notes payables**

EGP	Current		Non-current	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Notes payables *	7 000 000	7 000 000	3 400 000	7 000 000
<b>TOTAL</b>	<b>7 000 000</b>	<b>7 000 000</b>	<b>3 400 000</b>	<b>7 000 000</b>

\* Represent the remaining due instalments for the company's new office at Gamal Abdel Nasser square, Fifth Settlement, fifth floor, New Cairo, Egypt which will be handed over on November 1, 2017 as per the contract and the last instalment will be paid on August 1, 2019.

**21. Borrowings**

EGP	Current		Non-current	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Credit facilities	79 374 275	290 586 491	--	--
Bank loans	170 165 000	167 535 000	556 871 114	601 101 209
<b>TOTAL</b>	<b>249 539 275</b>	<b>458 121 491</b>	<b>556 871 114</b>	<b>601 101 209</b>

**22. Trade payables**

EGP	June 30, 2018	December 31, 2017
Local trade payables	227 520 422	162 413 204
Foreign trade payables	173 713 361	275 493 741
<b>TOTAL</b>	<b>401 233 783</b>	<b>437 906 945</b>

**23. Provisions**

EGP	Provision for claims
<b>Balance at January 1, 2018</b>	15 682 651
Additional provisions recognized	700 000
Used during the period	(502 789)
<b>Balance at June 30, 2018</b>	<b>15 879 862</b>

Management annually reviews and adjusts these provisions based on the latest developments, discussions and agreements with the involved parties.

**24. Other liabilities**

EGP	Current		Non-current	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Operating license	72 841 285	96 000 000	37 569 798	62 198 685
Electricity contract	18 462 000	18 462 000	21 539 000	30 770 000
<b>TOTAL</b>	<b>91 303 285</b>	<b>114 462 000</b>	<b>59 108 798</b>	<b>92 968 685</b>

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**25.Dividends distribution**

On April 26, 2018, the company's Ordinary General Assembly meeting approved the profits distribution on the shareholders according to the distributable profits for the financial year ended December 31, 2017.

EGP	December 31, 2017
Profit for the year	217 433 931
Retained earnings at beginning of the year	120 007 598
<b>Distributable profits</b>	<b>337 441 529</b>
<b>To be distributed as follows:</b>	
Legal reserve	21 743 393
Profit attributable to shareholders	--
Profit attributable to employees	6 427 766
<b>Retained earnings at end of the year</b>	<b>309 270 372</b>

**26.Creditors and other credit balances**

EGP	June 30, 2018	December 31, 2017
Advances from customers	91 959 092	36 433 864
Accrued expenses	299 652	328 752
Accrued development fees	9 478 748	10 287 355
Accrued customers rebates	31 827 030	23 743 123
Accrued taxes	37 572 356	28 433 908
Accrued interest	22 051 598	7 723 399
Retention	6 273 673	6 803 075
<b>TOTAL</b>	<b>199 462 149</b>	<b>113 753 476</b>

**27.Related party transactions**

During the period, entity entities entered into the following transactions with related parties:

EGP	Relation type	Transaction nature	Volume of the transactions	
			June 30, 2018	June 30, 2017
Andalus Concrete Company	Subsidiary	Sales	16 419 589	14 975 583
ACC for Management and Trading Company	Subsidiary	Services	19 908 704	15 866 868
Andalus Reliance for Mining Company	Joint Venture	Purchases	16 372 953	34 966 588
Evolve Investment & Projects Management Company	Subsidiary	Payments on behalf	--	1 581 705



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The following balances were outstanding at the end of the reporting period / year:

EGP	Due from related parties		Due to related parties	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Andalus Concrete Company	6 556 931	6 547 243	--	--
Evolve Investment & Projects Management Company	2 628 282	2 840 156	--	--
ACC for Management and Trading Company	2 055 434	1 446	--	454 344
Aridos Jativa	500	--	--	--
Cementos La Union - Spain Company	--	--	2 398 116	1 999 089
Andalus Reliance for Mining Company	--	--	587 327	5 426 754
<b>TOTAL</b>	<b>11 241 147</b>	<b>9 388 845</b>	<b>2 985 443</b>	<b>7 880 187</b>

- Andalus Concrete Company purchases cement materials and products from Arabian Cement Company, which are used for manufacturing and trading concrete and construction materials.
- Aridos Jativa Company renders consulting services for Arabian Cement Company.
- ACC for Management and Trading Company renders managerial services for Arabian Cement Company.
- Cementos La Union - Spain renders technical support services for Arabian Cement Company.
- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.

## **28. Operating lease arrangements**

### **28.1 The entity as lessee**

#### **28.1.1 Leasing arrangements**

Operating leases relates to car lease with lease terms of between 2 to 4 years. The entity (as a lessee) does have an option to purchase these leased assets at the expiry of the lease periods.

#### **28.1.2 Payments recognised as an expense in the period**

EGP	June 30, 2018	June 30, 2017
Minimum lease payments	274 741	680 362
<b>TOTAL</b>	<b>274 741</b>	<b>680 362</b>

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28.1.3 Non-cancellable operating lease commitments

EGP	Total of future minimum lease payments	
	June 30, 2018	December 31, 2017
No longer than 1 year	602 891	823 880
Longer than 1 year and not longer than 5 years	140 580	361 262
<b>TOTAL</b>	<b>743 471</b>	<b>1 185 142</b>

29. Comparative figures

The comparative figures have been restated as a result of the reclassification of some items from spare parts inventory to fixed assets as shown in the table below and there is no impact of this amendment on the statement of profits or losses.

EGP	2017 Before restating	Reclassification	2017 After restating
<b>Effect on statement of financial position</b>			
Fixed Assets (Net)	2 356 184 632	17 449 242	2 373 633 874
Spare parts inventory	27 304 991	(17 449 242)	9 855 749

30. Commitments for expenditure

The capital commitment as of June 30, 2018 amounted to EGP 20 963 964 related to fixed assets acquisitions.

**Sergio Alcantarilla Rodriguez**  
 Chief Executive Officer

**Allan Hestbech**  
 Chief Financial Officer

